



STATE OF DELAWARE  
DEPARTMENT OF FINANCE  
DIVISION OF REVENUE  
601 Delaware Avenue  
Wilmington, Delaware 19899

TAX NEWSGRAM 75-5

April 15, 1975

- Occupational Licenses - Chapter 23, Title 30, Delaware Code.

House Bill No. 222, 128th General Assembly, approved March 27, 1975, makes substantial revisions in Chapter 23, Title 30, relating to occupational license requirements and fees.

The law is revised to change the basic annual license fee imposed on all occupations and businesses required to be licensed under Section 2301 (a) and Section 2301 (b) of Chapter 23 to an annual fee of \$50, with the exception of the following listed occupations on which the annual fee is as indicated:

- Section 2301 (a) (2) - Amusement Machine Owner, \$75  
for each machine
- (a) (21)- Circus Exhibitor, \$500
  - (a) (29)- Finance or Small Loan Agency, \$300
  - (a) (32)- Hotel, \$15 for each room and \$20  
for each suite
  - (a) (42)- Motel, \$15 for each room
  - (a) (49)- Outdoor Musical Festival Promotor, \$500
  - (a) (50)- Parking Lot or Garage Operator, \$50  
for the first lot or facility and \$25  
for each additional facility
  - (a) (71)- Showman, \$250
  - (a) (72)- Taxicab or Bus Operator, \$30 for the  
first motor vehicle, \$20 for each  
additional vehicle
  - (a) (77)- Tourist Home, \$10 for each room
  - (a) (78)- Trailer Park, \$7 for each space
  - (a) (81)- Travel Agency, \$150

Under the new law, the license year is changed from a fiscal year ending June 30 to a calendar year ending December 31. Effective July 1, 1975, license renewals and new licenses will be issued for a six-month period ending December 31, 1975, at one-half the basic annual fee indicated above. Effective January 1, 1976, license renewals and new licenses will be issued for the calendar year ending December 31, 1976, at the full rate indicated.

In addition to the license fee indicated above, new Section 2301 (d) imposes an additional tax of 3/10 of 1% on "aggregate gross receipts"



for the year, except with respect to the following occupations which are specifically exempted from this tax on gross receipts:

- Section 2301 (a) (21) - Circus Exhibitor  
(a) (28) - Finance or Small Loan Agency  
(a) (32) - Hotel  
(a) (42) - Motel  
(a) (49) - Outdoor Musical Festival Promoter  
(a) (66) - Real Estate Salesman  
(a) (67) - Sales Representative  
(a) (71) - Showman  
(a) (72) - Taxicab or Bus Operator  
(a) (77) - Tourist Home  
(a) (78) - Trailer Park  
(a) (79) - Transportation Agent  
(a) (81) - Travel Agency

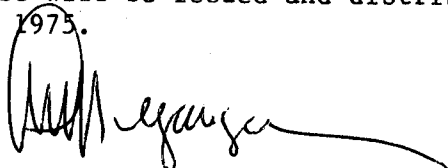
The term "gross receipts" is defined as "total consideration received by a licensee for goods sold, services rendered or other income producing transaction within this State," except that with respect to (a) Advertising Agency, (b) Auctioneer, (c) Broker and (d) Real Estate Broker, gross receipts is defined as "commissions and fees earned."

Any licensee who performs services in the capacity of an "employee" as defined in the Federal Insurance Contributions Act (FICA) is exempt from the tax on gross receipts (but not exempt from the requirement, if any, to obtain a license and pay the basic fee). For example, attorneys, accountants, or engineers who are "employees" of a corporation or of State or local governments for purposes of the Social Security Act are not subject to the tax on gross receipts. Any non-profit organization which is exempt from Federal income taxation under Section 501 of the Federal Internal Revenue Code is exempt from the tax on gross receipts, as well as being exempt from the basic license requirement of Section 2301 (b), relating to general service license.

The new gross receipts tax must be reported and paid quarterly by the 20th of the month following the close of the quarter. The first returns required under the law will include gross receipts for the quarter ending June 30, 1975, and must be filed with the Division of Revenue on or before July 20, 1975.

With respect to partnerships, professional associations, joint ventures, etc., it is contemplated that the gross receipts tax will be reported and paid by the partnership, professional corporation or joint venture rather than by the individual licensees. In such instance, the return will list the names and social security numbers of the individuals included in such return.

New forms for this purpose will be issued and distributed by the Division of Revenue about July 1, 1975.



Louis N. Megargee  
Director of Revenue

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